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Albania Enterprise Development & Export Market Services

EDEM

This Quarterly Report covers the period from 1 April through 30 June 2006.

EDEM is expected to contribute to USAID/Albania's Economic Growth Strategic Objective, Growth of Self-Sustaining Private Enterprises (SO 1.3), and the following Intermediate Results:

- IR # 1 – Competitiveness Capacity of Assisted Enterprises Strengthened;
- IR # 2 – Access to Assisted Enterprises to Credit Increased; and
- IR # 3 – Competitive Business Environment Improved.

In addition, EDEM is expected to contribute to USAID/Albania's SO # 2.1 – Increased Involvement of Civil Society in Economic and Political Decision-Making – and its IR # 1 – Increased Citizen Participation in Public Discussion on Key Government Issues, as well as link with IR # 3.2 – Public Advocacy Against Corruption Strengthened.

A. ACTIVITY SUMMARY

Highlights

- For the first time, Albania was officially represented at the 73rd International Agricultural Fair in Novi Sad, Serbia. Assisted by EDEM, the Ministry of Food, Agriculture and Consumer Protection organized an Albanian pavilion at which 9 Albanian companies including EDEM assisted displayed their wares. Another 5 companies attended the fair as observers to get a first hand look at how international fairs can support their export ideas.
- EDEM, with support from ADAMA, successfully organized an exhibition of food packaging technologies targeting the Albanian food processing industry. The 2nd annual Packaging Technologies Mini Fair Tirana featured German packaging machinery and materials producers and an Albanian packaging materials manufacturer. Fifteen leading Albanian food processing companies from the meat, dairy and vegetable processing sectors participated. The Albanian processors were exposed to the latest trends and technological solutions in vacuum and modified atmosphere packaging.

- A second shipment of organically certified Essential Oils was made the Xherdo Company to a buyer in Austria. The shipment of 2.2 ton had a value of EUR 130,000;
- EDEM arranged the participation of several herbs and spice companies at the 1st IFOAM Organic Wild Conference that took place in Bosnia Herzegovina during May 3-6, which gave them the opportunity to interact with their counterparts from the Balkan area developing new business contacts, as well as providing them an opportunity to learn about industry trends and new technologies.
- The Albanian Postal and Telecommunications Agency has agreed to use one of the images from the “Greetings from Albania” postcard campaign on an Albanian postage stamp in 2007.
- EDEM in cooperation with the USAID tour guide trainers conducted the first training for tour guides with 16 participants from travel agencies, NGO’s and independent guides were trained for three days.
- EDEM has begun to assist the Ministry of Tourism conceptualize and develop a national branding strategy that initially would support the country’s efforts to increase its tourism draw, but will be expanded to support efforts to increase foreign direct investment, trade and the countries overall image. The Ministry has formed a National Branding Work Group, composed of representatives from several ministries, charged with developing the strategy.
- To highlight the first direct flights between London and Tirana, EDEM, in collaboration with British Airways and the Ministries of Tourism and Foreign Affairs organized a workshop and reception for British tour operators and travel writers. The event hold in London on June 6 attracted over 30 tour operators and travel writers to the work shop and some 70 people to the evening reception. Albania and its many possibilities were given great exposure throughout the UK.
- EDEM assisted the owner of BertToni shoe company in Shkoder in presenting a business proposal to World Bank for training women in Puka in the craft of hand-sewn footwear production. The firm was selected as one of three winners from Albania for a grant of \$35,000.
- EDEM and ACIT organized a visit by four international footwear industry journalists to Albania. These Journalists, coming from Greece, Italy, France and Finland, visited key Albanian footwear manufacturers and gained significant understanding of the technical sophistication and capabilities of the footwear production sector in Albania. Subsequent articles to be published by the journalists will go a long way to providing a

positive image about Albania's capability in the international footwear arena.

- Vellezerit AK, a fresh fruit and vegetable consolidator shipped 48 tons of watermelons to d.o.o. Dul, Belgrade to be sold on the Serbian market. The value of this shipment is EUR 8,000. It is expected that this initial trial shipment of two truckloads will be followed by regular shipments of watermelons to Serbia
- After extensive negotiations lasting over three months, Ani Olive Oil company successfully completed a shipment of Extra Virgin olive oil to a Croatian buyer. The 23 ton shipment was valued at over EUR 71,000. The shipment was the largest export of olive oil from Albania since 1996. Unique to this shipment was the Kosher designation it received from an Istanbul Rabbi.
- Results from USAID's efforts to create a countrywide network of qualified tour guides started to arrive this quarter as three of the tour guide trainers, in cooperation with GTZ, delivered their training courses in Korca and Shkoder. In Korca a 7 day course was given to 15 participants and in Shkoder a 4 day course was provided to 20 people from the region.
- As a result of EDEM's assistance several companies are making good progress on their way to establishing and implementing branding strategies to support the company's growth and marketing of its products. For example, Sejega, an established producer of jams, jellies, salads etc., is conducting a nationwide survey of customer perception of the company, its products and product attributes, in order to better align its brand building efforts.
- A seldom seen example of public/private cooperation occurred through a joint effort of the Spille Hotel Association, the Communes of Luz and Krye, Village of Spille, the Tirana District Council and a member of Parliament. The road to Spille, a popular tourism destination, was in extremely poor condition and had a negative impact on the ability to access the Spille tourism area. Through the efforts of EDEM and its subcontract IDRA, a public/private partnership was formed where all the parties participated in the road's reconstruction. Contributions came from:
 - the Tirana District Council supplied road construction equipment and labor;
 - the Spille Hotel Association supplied reconstruction materials (100 - 10 ton truck loads of gravel) and provided housing and food for the road construction workers;
 - the 2 communes each provided \$3,000 (\$6,000 total) to help cover the cost of materials and fuel;

- Spille village individuals also contributed money to help support the effort; and
 - Engjell Cara, a member of Parliament from Kavaje, contacted the Ministry of Transportation, which provided a road grader.
- The 7th issue of EDEM's newsletter, covering EDEM's activities for the Spring period, was published and circulated to 500 individuals and organizations throughout Albania.

EDEM's Contribution to USAID/Albania's Strategic Objective 1.3

The following table is intended to give USAID and other report readers, a quick overview of EDEM's progress in supporting USAID/Albania's Strategic Objective 1.3. It is not all inclusive of the results obtained by EDEM activities. This is an interim report and includes only firms that are currently being actively assisted. A complete reporting, including the results from all firms assisted, will be given at the end of each reporting year.

EDEM's Contribution to USAID/Albania's Strategic Objective 1.3

Indicator	Baseline 2003	This Quarter Apr 2006 - Jun 2006	Actual through 6/30/06	Life of Project Target
S.O. 1 Number of self-sustaining private enterprises benefiting directly from USAID assistance.	NA	1	96	87
S.O. 2 Number of private enterprises benefiting indirectly from USAID assistance.	NA	20	747	942
S.O. 3 Value (in 000,000 Lek) of sales of Albanian products and services in domestic markets by USAID-assisted enterprises.	1,781.	1,393.3	14,863.1	8,116.2
S.O. 4 Value (in 000,000 Lek) of target Albanian products and services exported by USAID-assisted enterprises.	110.6	451.1	3,033.9	1,349.9
I.R. 1.1 Number of assisted enterprises with increased productivity and/or improved quality of products or services.	NA	1	43	52
Sub-IR 1.1 Number of people trained in new technologies	NA – new	0	265	TBD
Sub-IR 1.2 Number of people trained in good management practices	NA – new	11	259	TBD
Sub-IR 1.3 Number of people trained in marketing strategy	NA - new	11	248	TBD
I.R. 1.2 Number of assisted enterprises that implement a marketing strategy for their products and/or services.	NA	1	26	38
I.R. 2.1 Number of loans to assisted enterprises from commercial banks.	NA	1	17	24
I.R. 2.2 Number of loans to assisted enterprises from non-bank sources.	NA	4	30	29
I.R. 2.3 Value of loans to assisted enterprises from commercial banks (in 000,000 Lek).	NA	32.4	399.2	145.0
I.R. 2.4 Value of loans to assisted enterprises from non-bank sources (in 000,000 Lek).	NA	24.1	182.7	101.0

Employment Opportunities

Indicator	This quarter Increase April 2006 - June 2006	Through 6/30/2006	Life of Project Target
Number of Employees of assisted enterprises F- female, M- male, T- total	F -15 M -17 T -32	F 1484 M 737 T 2,221	F 1,470 M 1,030 T 2,500

Updated this month: Expres, Meat Master, Rozafa Kaci, Tona, Xherdo, Filipi, Pepa, Tealb, Agroherbal, ATHS, Travel Day, Guliver OK, Castle Park, Magic Tours, Hotel Akademia, Europa Travel, Shkodra Travel, Hotel Mondial, Sava Tours, Hotel Tomorri, Iceberg Publicity, Poseidon, Villa, Vellezerit AK, Elite AE

B. BUSINESS ASSISTANCE ACTIVITIES

Meat Processing

Industry Level Activities

In early June, EDEM organized an exhibition of food packaging technologies targeting the Albanian food processing industry. The Packaging Technologies Mini Fair Tirana 2006 featured German packaging machinery producers Multivac and Weber, German plastic packaging materials producers - Es-plastic and Sudpack - and an Albanian packaging materials manufacturer Al-Mar. The activity was hosted by Hako Meat Processing company from Tirana. Fifteen leading Albanian food processing companies from the meat, dairy and vegetable processing sectors participated. The activity included demonstrations, training, and open discussions on ways to improve the design, packaging and shelf life of Albanian food products. The Albanian processors were exposed to the latest trends and technological solutions in vacuum and modified atmosphere packaging.

EDEM successfully collaborated with Albanian Dairy and Meat Association (ADAMA) staff in organizing this event. ADAMA was involved in planning the event, informing meat and dairy companies on the benefits of the event and offered logistic support. Following this mini-fair the suppliers are looking at ADAMA as a productive service provider and potential future collaborator. This activity served well in strengthening the capacities of ADAMA to organize useful industry level activities and introduced the association to other non member companies. Given the needs and interest of the Albanian food industry, EDEM's objective remain to turn this mini-fair of food packaging technologies into an annual ADAMA sponsored event.

During this quarter the meat industry managed to resolve some major difficulties with the supply of raw meat for processing. Following the outbreak of BSE in Brazil, the main raw meat source for the Albanian meat processors, the Ministry of Food, Agriculture and Consumer Protection placed an embargo on all meat originating from Brazil. After several meetings between the meat industry and governmental authorities an agreement was reached allowing the import of meat from uninfected states within Brazil.

EDEM provided extensive one-to-one branding expertise and training sessions to Meat Master, Tona Co and Albidea. It involved subjects like company brand definition and development, management and communication, and the role of public relations as a very significant element of company specific marketing strategies. The companies agreed to revise several elements of their image and presentations based on their unique selling characteristics and target markets.

EDEM assisted Meat Master, Tona, Albidea and Rozafa in preparing for their participation in and attendance at the 73rd International Agricultural Fair in Novi Sad, Serbia. Meat Master participated as an exhibitor and attracted considerable interest from both the general public and potential Montenegrin and Serbian importers/distributors, as well as interest from potential raw material suppliers.

Firm Level Assistance

Meat Master, Shkoder

Subsequent to the success export of processed meat products to Kosovo during the first half of the year, Meat Master is looking into other regional export opportunities in Macedonia and Montenegro. The main goal of the company remains to become a meat industry leader in all territories populated by Albanians or ethnic Albanians. A market research and information gathering trip to Macedonia, which involved meetings with potentially interested importers/distributors and the Macedonian veterinarian authorities in Skopje was organized by EDEM and Meat Master on June 26-27.

Following preliminary negotiations, Meat Master established collaboration with UNIFAS Export, a Macedonian importer / distributor. The company expressed interest in 7-8 products including: cooked and smoked pork loin, collar, bellies and smoked ribs, smoked beef and tourist salami. UNIFAS Export – Import manages a distribution center in Skopje and owns a fleet of 8 distribution vehicles, covering most of the territory of Macedonia. UNIFAS submitted a request for import permission from the competent Macedonian Veterinarian authorities. In addition to cooperation where Meat Master produces and trades the meat products under its own label, the opportunity for Meat Master doing custom production under UNIFAS' label was also discussed.

Obtaining permission for importing food products of animal origin from Albania seems to be the largest obstacle at this time. Albania is not allowed to export animal products to EU countries and that is a general reference used by the Macedonian veterinarian authorities for determining if imports to Macedonia are to be allowed. However, the head of the Veterinary Inspection Unit of the Macedonian Ministry of Agriculture, Forestry and Water Economy was open for further discussions and collaboration with his counterpart Albanian authorities in working towards developing a bilateral agreement. In the opinion of the Macedonian Veterinarian Inspection, Albania is not free from Foot and Mouth Disease. However, EDEM has researched the issue, contacted relevant governmental authorities and found out that Albania is listed to be free of the disease by the International Office of Epizootics since 2000 (http://www.oie.int/eng/info/en_fmd.htm).

During this quarter, Meat Master received a second audit on quality and safety management by Certiquality, the Italian certification body. The audit reconfirmed that the company will maintain its ISO 9001 quality management systems and standards certification. The audit provided several recommendations on activities that needed to be upgraded to conform with HACCP standardization of the plant. The company is in the process of implementing HACCP principles in food safety assurance. It is expected that their HACCAP system will soon be certified by the independent internationally accredited certification body.

EDEM is continuing to provide assistance in marketing to Meat Master's new distribution agents to support increased summer sales in northern Albania. A major promotion effort through the use of fast food tents is being established in Durrës and Velipoja beach.

TONA CO, Korca

During this quarter the company is undertaking major construction work that will add 2,000 square meter of plant space. The building, projected to finish in October, will include new cooling storage, packaging lines and a retail store. This investment is partly financed by a local bank in Korca. The modern automatic cutter machine procured in Poland was delivered and installed in May. It is expected to highly improve the quality of Tona meat products.

ROZAFA, Shkoder

With EDEM assistance, Rozafa is expanding its cooperation with local farms in Shkoder by opening a new retail outlet in Velipoja with the idea to target tourists visiting the beach areas. The store will sell both fresh and processed meats. With assistance from EDEM and ADAMA, Rozafa has improved the efficiency of its processing line and is adopting GMP principles in order to receive the Seal of Quality for some products. During this period, the company received training on food technology provided by its Italian ingredient supplier.

Herbs and Spices

Industry Development Summary

Over the last quarter EDEM continued to provide intensive support to the Albanian herbs and spices industry in parallel with the sustainable use of the natural resources. Areas of assistance primarily took place in:

- Value added product exports;
- Value adding (bio-certification, cultivation);
- Sustainable harvesting of the natural resources;
- Facilitating industry efforts to improve the business environment by communicating with government and non government structures; and
- Promoting the Albanian herbs and spices industry in regional conferences and trade fairs.

EDEM provided technical support to the companies in performing export transactions by giving detailed guidance on products quality and overseas shipping requirements in order to meet buyers' specifications. EDEM facilitated contacts and communication of international buyers interested in establishing business partnerships with Albanian processors and exporters.

EDEM provided guidance to industry representatives who, in a meeting called by the Prime Minister of Albania, shared the industry's major concerns with him. Subsequent to this meeting and the Essence Producers and Cultivators Association (EPCA) second national conference, EDEM actively helped bring together academia, governmental

structures and private businesses in order to prepare a memorandum with proposals and suggestions for amendments of the existing legislation. These business environment improvement proposals that aim to improve the performance of the whole industry are to be presented to the Ministry of Food, Agriculture and Consumers' Protection, Ministry of Environment, Ministry of Economy, and to the Prime Ministers' Cabinet. The memorandum is being finalized. In early July a meeting is expected to be held between industry representatives and relevant governmental structures to review the industry's proposals.

EDEM provided support to several donor and development institutions/organizations in their communications with EPCA, the most active industry's association, aiming at a wide based cooperation to better serve industry businesses' needs.

EDEM is assisting several targeted export-oriented companies prepare for a trade mission to the US that is designed to increase the companies' exposure to US markets and US buyers. The missions are expected to occur during the next quarter.

EDEM's technical assistance in this quarter led to the following results:

- Second shipment of Organic Essential Oils by the Xherdo company – 2.2 ton with a value of EUR 130,000;
- Initiation of Bio-certification for the Filipi Company;
- Increased self investments on storage and extraction capacities expansion and improved quality of final products shipped;
- Expansion of cultivation activities;
- Increased product quality; and
- Increased awareness on sustainable use of natural herbs and spices resources.

Industry Level Assistance and Activities

Organic Wild Production Conference Bosnia and Herzegovina

EDEM arranged the participation at the 1st IFOAM Organic Wild Conference that took place in Bosnia Herzegovina during May 3-6. EDEM promoted the Albania herbs and spices industry potential through individual meetings with conference participants at the Albania booth and through various promotional materials like industry posters and fact sheets. EDEM helped industry related participants meet with their regional counterparts discussing forgoing commercial links.

Novi Sad Trade Fair

EDEM facilitated the promotion of the Albanian herbs and spices products and industry at the 73rd International Agricultural Trade Fair in Novi Sad, Serbia from May 13th to 20th. Company prospects, industry related fact sheets and posters were displayed at the Albanian booth. Xherdo, ATC and Agropuka products were exhibited on the fair.

Assistance to EPCA (Essence Producers and Cultivators Association)

EDEM conducted intensive discussions and meetings with several governmental and non-governmental structures and associations facilitating mutual introduction and communication and addressing issues that pertain to sustainable use of herbs and spices, promotion of the medicinal flora, and promotion of the industry initiatives and activities.

EDEM supported the organization and media promotion of EPCA's Second National Conference on Sustainable Development of natural herbs and spices resources conducted on the eve of the new harvesting season. The conference, the largest industry gathering so far of its kind in terms of participation and topics covered, brought together representatives from various relevant governmental and non-governmental structures. The emphasis was placed on the proper harvesting of the herbs and spices as a means for future development of the industry.

EDEM suggested establishing a "Working Group" and initiated meetings at the EDEM office where group members (industry businesses, Botanical Garden of Albania, Soils Research Institute, Export Promotion Agency) were invited to contribute with proposals regarding changes to existing legislation. EDEM helped finalizing the memorandum which lists the industry major needs and concerns and is to be submitted to the relevant governmental institutions including the Prime Minister's cabinet.

Collaboration with Development Activities and Relevant Stake Holders

- EDEM introduced its activities and discussed ways for collaboration with the Global Environmental Facility's Small Grants Program aim at bringing together the UNDP donor programs and the local communities involved in the harvesting, processing and cultivation of herbs and spices.
- EDEM established links with the newly created semiprivate Albanian Inspection Body, Albinspekt. Opportunities are being explored to promote the Albinspekt services in organic certification with Albanian herbs and spice businesses.
- EDEM conducted two meeting with a group of Kosovo herbs and spices businesses assisted by Inter-Cooperation, a Swiss organization implementing a horticultural promotion project in Kosovo. The Kosovar businesses, interested in establishing business links with their Albanian counterparts, were assisted in established the links and took part in the EPCA's second National Conference. The findings of the EDEM produced global market reviews were also shared with the Kosovo businesses.
- AGRINAS (Agricultural International Assistance), an Albanian humanitarian organization solicited support from EDEM in the implementation of a World Bank grant they won. EDEM will continue to assist the association with price information, lists of various export items, essential oils extraction unit establishment, and oil sales to domestic oils exporters as the project unfolds.

- EDEM provided a complete database of the Albanian herb and spice industry processors and exporters to GTZ. EDEM also invited GTZ to contribute with suggestions and proposals to be included in the EPCA memorandum to the GoA.

Firm Level Assistance

Company	Town	Technical Assistance	Results
Xherdo	Polican	<ul style="list-style-type: none"> - Value added products' exports. - Expansion of business activity. - Renewal of Organic Certification. - Commercial cultivation. - Participation in IFOAM Wild Organic Conference in BiH. - Exhibiting at the Novi Sad International Trade Fair. - Preparation for trade mission to the US. - Follow up meeting with the UK based S&D Aroma on the proposed joint venture. 	<ul style="list-style-type: none"> - Second shipment of 2.2 metric tons of Organic Essential oils to Austria, valued at 132.000 Euro completed. - New distillery unit installed in Surroi – Kukes. - Organic inspection to start in September 2006. - Cultivation expansion in Berat and Kukes on over 2 Ha.
Filipi	Laç	<ul style="list-style-type: none"> - Organic Certification. - TA in company promotion. 	<ul style="list-style-type: none"> - Inspection to start end of July by SKAL International. - A new brochure and web page in development.
Agroherbal	Mamurras	<ul style="list-style-type: none"> - Post shipment follow up. - Preparation for trade mission to the US and arranging follow up visit to the Whole Herbs Company in California. - TA in technology upgrade. 	<ul style="list-style-type: none"> - Facilitation in communications and clarification of post shipment problems between Agroherbal and Whole Herbs Company. The trip is to take place in August. - New pressing equipment purchased.
Gurra	Tepelena	<ul style="list-style-type: none"> - Exploration of new export sales to USA of 2006 crop. - Follow up on Sage shipment to the Chesapeake Spice Company. - Trade mission to USA. 	<ul style="list-style-type: none"> - In progress.
Pepa	Durres	<ul style="list-style-type: none"> - Products diversification. 	<ul style="list-style-type: none"> - Cultivation of Oregano, Lemon balm, Mentha, Rosemary in Manze-Durres expanded.

Albanian Trading Co	Durres	- TA in web page design. - Exhibiting on the Novi Sad International Trade Fair.	- Web page in development.
Elite AE	Vore	- TA in business expansion.	- Increased sales of seedlings grown in greenhouse for cultivation.

Anticipated Follow up activities

- Finalize the preparation for a visit of Agroherbal with the US based Whole Herb Company, scheduled for the beginning of August;
- Finalize and conduct a Trade Mission to the US for Xherdo, at the beginning of August;
- Schedule a Trade Mission for Gurra at the end of September;
- Follow up on the collaboration already established between Xherdo Company and SD Aroma, UK;
- Design and conduct a workshop addressing issues relating to international safety, quality standards, GMP regulations for herbs and spices, and BTA export requirements;
- Provide technical assistance to EPCA on sustainable development of the Albanian natural herbs and spices resources; follow up on the memorandum submission to the Albanian government; and
- On site technical assistance on a one-on-one basis to core companies on cultivation activities, bio-certification, products' diversification, technology upgrades, improved product packaging and labeling, quality control and assurance issues, and marketing strategies.

Tourism

EDEM's support to development of Albania's tourism industry continues to focus on three major functional areas:

- Increase sales, marketing and promotion efforts;
- Provide training in support of these efforts and towards longer term business expansion; and
- Facilitate a dialogue between tourism cluster industry stakeholders and national and municipal levels of Government.

Based on these priorities, the following is a summary of the activities that have been progressing during this past quarter:

Marketing and Promotion

- 1) EDEM met with Dardania Travel to provide marketing advice and tips on website development.

- 2) Met with the Albania-Holiday.com/Albania-Hotel.com team. They are currently emphasizing independent travelers and internet bookings along with some inbound tours. All of this is so far working well for them with increased business. They are set for a very busy summer, although they are keen to attract more groups. They are targeting Japan, Italy, North America and Finland and asked for Japan outbound market information. They were provided with a WTO publication on the outbound markets of Korea and Japan, as well as a publication on evaluating websites.
- 3) Upon returning to Tirana from their May 25-26 visit to Korce, Voskopoja and Pogradec, a Contiki Holidays Group bus was noticed in front of the Rogner. EDEM met the tour leaders and arranged a meeting with the Minister of Tourism. It proved to be a good photo opportunity followed up with a press release, which was published in Biznesi and sent to eturbo News.
- 4) On May 30th, EDEM met with the Country Sales Manager for Alitalia. To discuss possible joint promotions and future support for London-style events and press tours.
- 5) The owners of Albania Experience/Avis/In your Pocket businesses are very interested and motivated to increase inbound business, particularly from Japan, Austria, Hungary, Finland and Germany. EDEM will provide them the list of tour operators who participated in the London events.
- 6) EDEM in cooperation with Ministry of Tourism, National Tourism Organization, Ministry of Foreign Affairs and British Airways organized the Albanian Cultural Night and a Workshop at Royal Geographical Society in London. (See below.)

Improved Tourism Information

- 1) The Turizmi Shqiptar yahoo user group continued to add members and grow as an educational and networking resource for the Albanian tourism industry. The number of members in this group has reached 240.

Greetings from Albania postcards

- 1) USAID and EDEM were set to finalize arrangements on commercializing the images generated by the Greetings from Albania postcard campaign in cooperation with SOS Village International, however that has since been postponed until September. EDEM also encouraged a commission of the Post and Telecommunications Agency to create postage stamps using the 'Greetings' images; one Greetings from Albania image was approved to be placed on an Albanian postage stamp in 2007.

Media

- 1) The founder of Lonely Planet Publications made his first visit to Albania. EDEM organized his visit and arranged for multiple meetings and interviews around the country

from Tirana to Butrint. He was written and posted a blog about his visit on the lonely planet website at:

http://www.lonelyplanet.com/tonywheeler/travel_blogs/albania_europes_last_forgot/ten/#more

Consideration is now being given to preparation of a Lonely Planet Guide specific to Albania.

2) Coverage of EDEM tourism activities appeared in Biznesi, SE European Times, CNN Traveler magazine, Shqip, Monitori, Tirana Times, BBC in London (Albanian language), Top Channel, A1 TV, among other general circulation publications.

Education and Training

1) EDEM in cooperation with the trainers of tour guides conducted the first training for tour guides where 16 participants from travel agencies, NGO's and independent guides were trained for three days.

2) EDEM assisted the Gjirokastra region initiate an effort to develop a regional branding strategy that will help the area promote itself as a recognizable tourist destination. Sixteen individuals from the City, local hotels, banks, media and the university participated in the initial effort.

Government and Policy

1) EDEM met with the Mayor of Voskopojae and representatives from the community of Voskopoje to discuss efforts to promote tourism into the region. The Mayor provided a "laundry list" of issues, including getting the House of Tourism and Culture started. USAID has allocated \$30,000, but according to the Mayor, that is not sufficient because he wants to add a floor to the building.

2) On May 27th, EDEM met with Pogradec tourism officials with the principle item of discussion restarting the boat service between Pogradec and Ohrid. It was suggested that the municipality look at the lost economic opportunities of not having the boat service – lost tax revenue and income for both sides of the lake.

3) EDEM provided feedback to Tourism Ministry officials, including the Minister, on tourism strategy and activities, and in regards to the World Tourism Organization.

4) EDEM initiated the effort to develop a national branding strategy with officials from the Ministry of Tourism and other ministries. The intent is develop a national brand for Albania that tourism consumers (and investors and business people) from around the world will recognize and begin to view Albania as a reasonable destination.

5) EDEM met with Ministry of Tourism representatives to discuss the procedures for certification of tour guides in Albania. EDEM also provide them with the guidelines of the tour guides certification program from some other countries.

6) EDEM participated in the signing ceremony of the Letter of Intent between USAID and Ministry of Tourism, Culture, Youth and Sports. The agreement identifies areas of USAID assistance that will be provided to the Ministry and Albanian tourism through EDEM.

Other Activities

Cooperation with SNV

EDEM met with the SNV's tourism team in Korce to learn more about their activities and explore possibilities for collaboration. SNV's focus is on tourism development, seemingly from "scratch," in Erseka. They have created a local tourism action plan that is managed by a public-private sector committee of officials and businessmen. The pilot project they are pursuing focuses on five "components":

1. Attractions, events and activities
2. Marketing and promotion
3. Infrastructure
4. Hospitality training and awareness
5. Retail service delivery.

Albania National Tourism Conference, May 23rd

EDEM participated in and presented its activities at the National Tourism Conference. The Conference included participation from the Minister of Tourism, the Minister of Transportation, and the three travel-related associations. Apparently, this was the first national level conference convened. The associations and individuals were able to make presentations on issues affecting their businesses:

1. More Albanians are vacationing outside Albania than international visitors are arriving to the country. More linkages with foreign tour operators are needed;
2. Increased distribution of promotional materials is needed;
3. The existing hotel classification system is problematic; and.
4. More brand name hotel groups are needed.

Royal Geographical Society Albania Workshop and Reception, June 6 London, England

1) In April and May, EDEM coordinated with British Airways in contacting at least 30 journalists and 60 tour operators about the Royal Geographical Society Albania workshop and evening on June 6th. As BA emphasized, many of the tour operators were based outside London, so it would have been difficult and expensive for them to attend; 12 operators did participate, including one operator, Insight Vacations, which sent four representatives. Approximately 20 journalists participated.

2) To arrange these events, EDEM conducted extensive follow-up with British Airways to arrange their co-sponsorship and participation in the RGS events. The same occurred with the Ministry of Tourism, the National Tourism Organization, the Ministry

of Foreign Affairs, the Albanian Embassy in the UK and the Royal Geographical Society meetings office and catering service.

3) An EDEM press release was drafted and assistance was provided to the Ministries of Tourism and Foreign Affairs on their communications.

4) The actual workshop was held on June 6. There were 13 participants. Presentations were made by the National Tourism Organization and EDEM, with a focus on the wide variety of Albania Tourism Products.

5) Following the workshop a reception was held that attracted some 60 to 70 people. The Albanian Ambassador to the UK opened the reception and spoke well of how tourism is helping to bring the UK and Albania closer together. The Minister of Tourism then delivered a speech followed by his invitation for the attendees to watch a group of children dance and recite poems. At the close of the event, the Ambassador indicated the intention of the Albanian Government to make the reception an annual event to promote tourism linkages between Albania and the UK..

6) On June 7th, a debriefing meeting was held with the NTO, the Ministry of Foreign Affairs and EDEM to discuss next steps. Unfortunately no one from the Ministry of Tourism appeared at the debrief.

7) The event was covered by BBC London (Albanian language). The press release drafted from EDEM about this event was published in Biznesi newspaper and in the Tirana Times.

International Tourism Fair in Berlin

1) EDEM participated in a follow up meeting of ITB to discuss the results of this year's efforts with the Ministry of Tourism and the National Tourism Organization. At least one issue from this year's participation has been resolved as the Ministry of Tourism and National Tourism Organization have already booked a room for a media conference at next year's ITB. This year they had procrastinated to the point where no rooms were left in which to hold press events.

2) The National Tourism Organization has established a registration deadline of June 30 for companies who want participate in World Travel Market to be held in London in November. Deadline setting is a result of EDEM's work in planning and giving training in best travel trade practice to the NTO staff.

Leather Goods & Footwear

Industry Development Summary

Despite imposition of additional tariffs on certain footwear imports to the EU from China and Vietnam, the Footwear production sector in EU member states remains under significant pressure. Since most major foreign buyers of Albanian Footwear are from Italy it is likely that the on-going restructuring of the industry in Italy will continue to impact Albania's industry. However, so far no significant industry-wide impact has been felt in Albania.

There are, however, indications of on-going shifts in the type of export orders and type of products produced by Albanian companies. EDEM, through factory visits and discussions with factory owners and managers, finds that some Albanian factories are expanding their role from being producers of footwear uppers only (for final assembly in Italy into complete footwear) to producing complete footwear. In some factories, Italian buyers have brought from factories in Italy, additional equipment for production of complete footwear (for synthetic sole molding, lasting, sole attaching etc.) production. Although this is a significant development for the manufacturers and the industry in general, as it can open new markets, it still remains to be seen if the productivity achieved in making complete footwear in Albanian factories can compete against other major producing countries.

For the first time, through EDEM/ACIT's concerted efforts, Albanian Footwear sector's significance and attraction is now getting exposure, long overdue, to a world audience through coverage by major footwear publications in Greece, Italy, France, UK and Finland. Major stories with photographs, in respectable trade press have appeared and are due to appear in future.

Industry Development Assistance

- Assisted the owner of BertToni, Shkoder, in presenting their business proposal to World Bank in Belgrade. The firm was selected as one of three winners from Albania for a grant of \$35,000. The funds are to be used for training women in Puka in the craft of hand-sewn footwear production.
- Worked with the world's leading footwear publication *World Footwear* to publish a story on Albanian footwear industry. Developed story on Albanian footwear industry and BertToni's Puka initiative in creating jobs for women in Puka. The story was published in their May/June issue. This significant worldwide publicity was arranged at no cost.
- Established contact with owner/officer in Italy of Italian company Cofra. Gained permission to let journalists visit their Albanian factory. Provided them with market contacts for potential customers in North America and Greece.

- Organized a visit by four international footwear industry journalists to Albania. These Journalists, coming from Greece, Italy, France and Finland, visited 10 key footwear manufacturers located in Shkodra, Tirana, Bora, Patos and Vlora, gaining them a significant understanding of the technical sophistication and capabilities of the footwear production sector in Albania. Stories from the event will begin to be published in July '06 editions
- Developed an industry briefing book, incorporating a press kit and other relevant material, for use by the journalists during their visit to help them better understand their factory visits and help them prepare stories after returning to their home base.
- Developed and submitted over 40 press releases to footwear and foreign news organizations regarding European journalists visit and appraisal of opportunities in Albanian's footwear industry
- Initial and follow up visit to company SILDA, a promising footwear production business venture by a young couple who, after working in footwear industry in Italy, have decided to return to Albania and establish a production facility. Developed written evaluation and held discussions with the company on issues important to their present and future business needs.
- Follow up visits to Korça with companies Angelo Shoes and Mas-Torr for updates on their progress and discussion of business issues faced by the firms. For Mas Torr developed an organizational plan and identified product marketing opportunities that will help them in developing more volume.
- Held discussions with Ministry of Education and training school officials concerning vocational training programs in sewn products.
- With USAID's approval, made initial contact with UNIDO officials concerning involvement in industry in productivity training issues. UNIDO has since received a formal request from the Albanian government and has agreed to begin process for project involvement.

Firm Level Assistance

During the last quarter EDEM's work with individual footwear producers has continued to address their specific needs in improving their businesses. Although not individually elaborated below, during the quarter EDEM devoted significant efforts in developing a detailed press kit for the visiting European journalists. This kit included: Albanian footwear industry database, profiles of over ten major footwear manufacturers, a CD with a large number photographs, and major press articles written by other European journalists on Albania in general. The visiting footwear trade journalist appreciated EDEM's efforts, noting that this is the first time they have received such useful materiel that has made their task of appraising manufacturers and writing their stories on Albania significantly easier.

Company	Town	Technical Assistance	Results
Mas-Torr	Korça	<ul style="list-style-type: none"> - Developing an organizational structure for better management of production and sales. - Marketing focus 	- Following severe order volume decline recently situation has improved with change in marketing focus.
BertToni	Shkoder	<ul style="list-style-type: none"> - Assisted the firm compete against 50 other applicants for World Bank grant funds. Helped the owner and his wife make formal presentation to World Bank officials in Belgrade. - Assisted UK based publication (World Footwear) to publish an article on BertToni's efforts in developing hand-made footwear in Puka 	- BertToni was judged to be one of three winners from Albania. The firm was awarded \$35,000 in grant funds. With this grant BertToni will train 200 unemployed women in Puka in hand-sewn footwear production. Following training the women will be employed full time by BertToni.
Eleven different firms	Various	- Developed business profiles with product photos.	- Marketing exposure received by Angelo Shoes, BertToni, Doniana, Euro's, Filanto, Golden Shoes, Gren Shoe, Mas-Torr, Miral Group, Picari, Silda

INDUSTRY DEMONSTRATION COMPANIES

EDEM has continued its efforts to work with "Demonstration Companies". While there has been some limited effort with other industries, the main sector, which is considered to have the most significant growth potential, continues to be the fruit and vegetable sector, where EDEM is concentrating its efforts on fruit and vegetable consolidators and agro-processors.

Fruit and vegetable consolidators and agro-processing companies

EDEM has continued to concentrate efforts on pursuing market opportunities for Albanian fruit and vegetables, including olive oil, in export markets both in the Balkans regions, in the UK, and in Scandinavian markets.

Vellezerit AK, Divjaka

EDEM is continuing its active assistance to this consolidation company by supporting its efforts to open new export markets in the Balkans and Western Europe for the firm's fruits and vegetables.

On the visit to a USAID sponsored market seminar and B2B meeting in Belgrade a Vellezerit A&K representative met with the company d.o.o. Dul, Belgrade to discuss cooperation on the export of fruits and vegetables to Serbia and also cooperation on growing products in Albania for sale in the Serbian market.

In June the first concrete result of this cooperation has now come to fruition with the shipment of 48 tons of watermelons to d.o.o. Dul to be sold on the Serbian market. The value of this shipment is EUR 8,000. It is expected that this initial trial shipment of two truckloads will be followed by regular shipments of watermelons to Serbia.

The main products expected to be produced under the cooperation agreement currently being discussed are cauliflower, broccoli, salad and other vegetable products that can be grown and harvested in Albania during the winter season.

EDEM has provided assistance and advice in the negotiations. EDEM was also instrumental in providing assistance in terms of transportation, and one of the other EDEM clients, Diamant Worldwide Cargo Services, Durres, made all the transportation arrangements for the watermelon shipment to ensure the prompt shipment and delivery of the products to Belgrade.

EDEM is continuing its assistance to the company to get additional financing from the bank for working capital.

VILA, Maliq

Following the company's successful refinancing of its loan portfolio, completed with EDEM's assistance, the company has focused on issues related to developing a basic organizational structure and developing its sales/marketing unit – again with EDEM-provided technical assistance. EDEM has provided the firm with recommendations on how to review the capabilities of existing staff and create basic departments such as: Production, Sales/Marketing and Accounting. A recent outbreak of infection has forced the farm to readjust its production procedure and marketing plan. Due to this development the firm has delayed several planned activities.

EDEM has also assisted this company to develop distribution channels for its products in the Tirana and Durres markets, which are the biggest markets in Albania.

Sejega Sh.p.K., Tirana

Sejega has received extensive support in its efforts to develop a branding strategy for the company and its products. This company is probably the most advanced in terms of developing and implementing a strategy and is now prepared to begin serious efforts to undertake market research that will identify how the company and its products are currently viewed by consumers and retailers. This effort will help the company plan its next steps in laying out a vision statement and the process for creating its 'brand'.

“IEG-AL” Company Sh.p.K., Korca

Following a request received from a UK company for the export of onions, EDEM started to work with this consolidator of fruits and vegetables to obtain products of the best quality, to identify a proper packaging company in the Korca region and to find a transportation company capable to handling cargoes destined for the UK.

The company is also in the process of building a cold storage facility. EDEM is providing assistance in finding refrigeration machinery for this facility.

AlbNorg Sh.p.K., Rrogozhina

EDEM is working with this consolidation company to develop export markets for Albanian fruits and vegetables in the Scandinavian market. This company is working with Agled Petritit and other consolidators and farmers to promote exports of Albanian fruits and vegetables to Scandinavia.

“Association of Sun-dried Tomato Growers” – Rrogozhina

This association of farmers, who have introduced the production of sun-dried tomatoes to Albania, is expected to produce between 200 and 300 tons of sun dried tomatoes this year. EDEM is continuing its efforts to identify market opportunities beyond the current Italian market, which has been the main buyers for the association’s product to date.

Elite – AE, Vora

This greenhouse grower and exporter of organic fresh herbs has requested EDEM’s assistance to identify new market opportunities for its products.

Agled Petritit– Lushnja

This company is the Albanian representative for HZPC, Holland, which is one of Europe’s leading producers and developers of seed potatoes. Agled Petritit is also importing other input materials such as seeds, fertilizer, herbicides, pesticides and farm implements, which it sells to farmers.

Agled Petritit has introduced the potato varieties of HZPC to farmers in the Divjaka/Lushnja and Korca regions of Albania, and is working to introduce these varieties in other regions of Albania.

The company has requested assistance from EDEM in finding markets for potatoes and other agricultural products produced by its cooperating farmers. EDEM has introduced its potatoes to importers in Norway. Once issues related to packaging and logistics are resolved, the first shipment of potatoes to Norway is expected to leave Albania shortly.

EDEM is also working with the company to develop and build a planned cold storage facility.

Ani Olive Oil Company, Qeparo

Following an initial visit to the firm's olive oil processing facilities in Qeparo in December 2005, EDEM, during the last three months, has provided significant assistance in helping the firm export its virgin olive oil to Croatia. This is the first major olive oil export from Albania since 1996.

EDEM played a much needed role in this export transaction by providing the support that the buyer required and ANI had to provide. It required traveling to Montenegro to hold face-to-face meeting between the owner of ANI, and the potential buyer, helping the owner negotiate a price he was seeking, testing oil samples in Italy, developing the contracts for sale and Letter of Credit, finding a reliable Albanian transportation company with a tank truck, getting the necessary documents prepared by customs agents and ensuring that the delivery took place according to the terms of the contract. EDEM also arranged for a Rabbi from the Chief Rabbinate of Turkey, visit ANI's processing facilities in Qeparo and issue a Kosher certificate. The certificate remains valid for one year and ANI will be able to sell its oil as "Kosher" during that period. It can be renewed in future.

Through this effort ANI has successfully delivered 23 tons of Kosher certified virgin olive oil. Payment for this transaction, secured through deferred payment instrument, is currently being processed by a bank in Tirana.

Other industry demonstration companies

The other industry sectors, which are considered to have potential in the near term are:

- The fish processing sector
- The garment industry
- The wood processing and furniture industry
- Trucking and transportation

The activities working with companies in these sectors are described below.

Dafinor Sh.p.K., Shkodra

EDEM has introduced the laminated beech tabletops and benches (butcher-block type) to a Norwegian company. Positive interest has been expressed from this potential buyer of this company's products.

Bicaku Sh.p.K., Durres

The prices offered by this company for MDF moldings were considered uncompetitive by the Norwegian company introduced by EDEM. The activities for this company has therefore been placed on hold.

Shaga Sh.p.K., Tirana and Lushnja

EDEM introduced this company to a potential customer for MDF moldings in Norway. Final negotiations on the price and specifications of the products are being conducted, and a trial order is expected.

Diamant Worldwide Cargo Service, Durres

This freight forwarding and transportation company is currently offering all modes of transportation services, warehousing and terminal operation services for both Albanian and international companies and institutions. EDEM is currently working with this company to solve the challenges of providing transportation and logistics services to enable cost and time effective solutions to enable Albanian exporters to compete in international markets.

This company provided the transportation services both for the transportation of two trucks of watermelons to Serbia for Vellezerit A&K and the transportation of a tank truck of olive oil to Croatia for ANI Olive Oil Company.

C. SME DEVELOPMENT

(Principal EDEM SME marketing activities not addressed elsewhere)

Training Activities

As has been emphasized in previous reports, one of EDEM's goals is the development of sustainable Business Service Providers (BSPs) capable of rendering professional services to the Albanian businesses. The approach used by EDEM is to pursue a "train the trainer" effort, whereby the BSPs and trainers are given training in the form of "training the trainer" courses, following which the trained BSPs and individuals will conduct training courses for other prospective trainers and also to the business community.

The approach is producing results as evidenced in this quarter by the trainers that had attended the tour guides training of trainer course are now giving training courses to proactive tour guides in several locations around Albania. In the next quarter EDEM will continue its support to the tour guide trainers and also start the roll out of the other trained BSPs and individual trainers trained by EDEM by offering their services to the business community at large.

The activities in the past quarter focused on:

- Branding Workshop for BSPs; and
- Roll-out of the Tour Guides training course.

Branding for BSPs

Twelve participants attended a training of trainers' course given by EDEM in May. The participants were recruited from among the BSPs working with the EDEM and SBCA projects. The participants were given three days of classroom training, followed by the opportunity to practice their newly gained knowledge with on-the-job training. Upon completion of the classroom training, the participants were divided into three groups, and under the guidance of EDEM's branding consultant, were assigned to work with an EDEM-assisted company to assist the companies develop the outline of a branding strategy. The three companies were Vila, a producer of mushrooms from Korca, Mondial Hotel in Tirana, and "XHERDO" Company, a herbs and spice processor. The participants worked with these companies for more than one week. During this period the participants developed draft strategies for each company, which along with findings and recommendations were presented to the business owners in a wrap-up review session.

Tour Guide Training

In January 2006 EDEM, in cooperation with the USAID/Albania human capacity development project, FORECAST, arranged for the participation of six tour guide trainers in a ten day Training of Trainers of Tourist Guides Course in Cyprus. Prior to attending the Cyprus course the participants had been required to complete EDEM's Training of Trainer course. Following the Cyprus training, EDEM assisted the participants in adapting the training materials to the Albanian environment as a prelude to the trainers delivering training to potential tour guides in Albania.

Subsequently three of the tour guide trainers, in cooperation with the German development assistance agency, GTZ, have delivered their training course in several locations in Albania. Ms. Orieta Glozheni, a tourism guide specialist from the Korca region, provided seven days of tour guide training to 15 people in Korca, while Ms. Sonia Poppa, owner and manager of the travel agency Gulliver OK and Ms. Radial Alike, an official tour guide for the National Burundi Park, provided a four day training course for 20 participants in Shkoder.

Planned activities

For various reasons including availability and scheduling of both trainers and participants, several of the activities planned in the previous quarter were postponed and will be implemented in the in the next quarter:

- Organize showcase events for Albanian BSPs to explain their services to EDEM project businesses followed by joint visits to individual companies expressing interest in training and consulting services provided by the BSPs. The intent is to do the roll-out presentation of the BSPs and then assist in the marketing of their services in conjunction with other types of meetings, where large number of business would normally attend. EDEM will do a brief introduction, and then leave it to the representatives of the BSPs to present themselves and sell their services.
- Provide a second round of training for newly recruited BSP consultants in how to provide training using the EDEM module: Management and Leadership Training for Albanian businesses.
- Organize a training course on the application of international accounting standards and recruit a core group of accounting specialists and train them in two areas: how to teach SME accountants in the use of International Accounting Standards (a future legal requirement for Albanian accountants and required for EU integration); and how to prepare and present financial statements. In addition, a training course for managers in how to use and read financial statements and develop indicators for financial information will be developed. The development is planned to be done in July and August and the first training to be given in September
- In September offer a training course on sales techniques and recruit a core group of trainers to provide ‘training of trainers’ who will be able to provide training to business and other interested parties.
- Develop and give a course in Change Management, which has been requested by the BSPs working with EDEM. This training course is now scheduled to be given in September.

In addition, EDEM will continue to support the training course for tour guides in all regions of Albania. EDEM will also support the efforts of the trainers to develop a certification program for tour guides with the travel industry associations and the Albanian government.

D. MARKETING

(Principal EDEM marketing activities not elaborated elsewhere)

Marketing assistance provided by EDEM addresses specific needs of firms as well as those of industries in general. Firm level assistance in marketing has been included in other sections of this report. Following is a list of activities that are targeted at industries in general.

Familiarizing Branding strategies – Follow-up activities

Branding is a significant discipline in business management. It not only guides a firm's business practices but has significant influence on how a business is perceived by the consumers of its products. Since developing a successful reputation (brand) in the minds of consumers requires time and execution of a well thought out set of actions, the sooner a business is able to take the necessary steps in growing its brand the better positioned it is likely to be against its competitors.

Since the underlying premise of "Brand" and the required steps in building and growing it are not easily understood by many small and medium sized firms, EDEM's branding consultant held a series of workshops in Albania in early 2006. The primary participants were marketing staff and owners of businesses and BSPs. The subject and discussions raised sufficient interest among the participants. To allow a presentation of the subject at greater depth, EDEM arranged for a series of workshops in Albania during this past quarter. During this follow-up activity, meetings/workshops were held in Gjirokaster, Tirana, Shkodra and Korça. In addition to businesses and BSPs, personnel from the Municipality of Gjirokaster and Ministry of Tourism participated.

Through this effort, EDEM has worked closely with selected firms from the business community. Individual sessions, held with several companies with retail packaged products (Meat Master, Sejega and Tona) and Albidea, have led to the businesses owners better able to review their overall marketing and promotion efforts and make necessary changes to suit their brand building efforts. For example, Sejega, an established producer of jams, jellies, salads etc., is conducting a nationwide survey of customer perception of the company, its products and product attributes, in order to better align its brand building efforts. Similarly, the workshops and in-depth discussions have introduced a new awareness of "Brand" among participants from the Ministry of Tourism and Municipality of Gjirokaster.

Novi Sad Agricultural Fair- Follow-up activities

EDEM provided substantial assistance to the Albanian Ministry of Agriculture, Food Safety & Consumer Protection in support of the Ministry's first ever official attendance at the 73rd Annual Agricultural Trade Fair held in May in Novi Sad, Serbia – the largest agribusiness related trade fair in the Balkans. During the weeklong event, EDEM staff were present at the Albania pavilion, assisting participating Albanian firms present their products to representatives of businesses from numerous countries, including Serbia, Macedonia, Croatia, Slovakia, Italy, etc. Through this effort participating Albanian firms were able to met prospective buyers and gained significant exposure to the market participants in the Balkan region.

Through contacts made at the Novi Sad fair, EDEM has identified several potential opportunities for export of Albanian products to Serbia. Through face-to-face meetings with representatives from companies in the it appears that there are opportunities for sales of: fresh vegetables; olive oil; table olives; and dried mushrooms to markets in Serbia.

Preserved mussels in glass jars, produced by Butrint Impex also generated interest among buyers from Italy. Processed food products from Albania, such as ready-to-eat salads and preserved vegetables also drew the attention of buyers.

As a follow-up to its participation at the fair, EDEM is currently assisting Albanian firms offer their products to potential buyers from Serbia. EDEM is working with a firm from Novi Sad in assisting them visit Albania during Sep-Oct 06. EDEM is also providing necessary assistance to the firm by responding to their inquiries on purchase of olive oil and table olives from Albania. This firm has various business activities in Serbia, including retail operations.

E. BUSINESS ENVIRONMENT

Spille Hotel Association and Commune

EDEM was approached by the Spille Hotel Association and asked to help them in their efforts for better planning of the development of Spille's tourism zone. As a result EDEM has been working with the Spille Hotel Association and commune authorities to create a partnership which would lead to better development plans for the zone.

Meetings were held with the head of the Association, Secretary, and members of the Association as well as with the heads of Communes of Luz and Kryezi. The Association has both short and long term. Among the short term objectives was the issue of the main road to Spille, which is in extremely poor condition and has a negative impact on the ability to access the Spille tourism area. Longer term issues of waste management, sewers and water are also of concern. Based on the meetings with the Association and the Commune authorities, EDEM assisted in organizing a meeting at the district level to discuss the possibilities of some measures to improve the situation. In April a meeting was organized at the Tirana District. EDEM through its subcontract IDRA mediated the meeting. Participants included:

- Deputy Head of Tirana District
- Heads of the Communes of Kryevideh and Luz
- Director of the District Road Department
- Head and the secretary of the Spille Hotel Association
- Spille community representatives
- Head of the Economic Department of the Tirana Districts
- Head of the Infrastructure department of the Tirana Districts

The meeting concluded that there is an immediate need to address the issue of the road to Spille and that a comprehensive development plan of the Spille zone must be developed and implemented.. In a show of public/private partnership all the parties agreed to contribute to the road's reconstruction, with various organizations each providing a level of support:

- the Tirana District Council will supply road construction equipment and labor;
- the Hotel Association will supply reconstruction materials (they've committed to 100 - 10 ton truck loads of gravel) and will provide housing and food for the road construction workers;
- the 2 communes will each provide \$3,000 (\$6,000 total) to help cover the cost of materials and fuel;
- Spille village individuals will also contribute money to help support the effort; and
- Engjell Cara, a member of Parliament from Kavaje, will ask the Ministry of Transportation to provide a road grader to help with the effort.

The seldom seen public/private cooperation attracted the attention of media with Top Channel preparing a news item for their main news edition and a show on the popular Fix Fare that addressed the problems with the road and the solution. Based on all everyone's cooperation road reconstruction was undertaken allowing for significantly increased access to the Spille tourist area for the upcoming summer season. Everybody kept their promises for contribution in this issue making this one successful public-private partnership which can be replicated elsewhere.

EDEM/IDRA are starting efforts with the Spille Hotel Association to create a work plan for future efforts regarding development of the Spille Zone.

Licensing Guide

EDEM, through its subcontractor IDRA, is in the process of preparing for publication a "Licensing Guide" that will serve as a valuable tool for the business community explaining in detail all the necessary legal steps they need to take and follow from the initiation of their business to maintaining its day-to-day operations.

Designing a detailed guide on licensing and certification procedures covering the requirements of the Republic of Albania is a difficult undertaking. In Albania many institutions, at the national and local levels, are engaged in licensing and certification procedures. In addition, the legal framework on which licensing and certification is based on an extremely wide range of laws, Decisions of the Council of Ministers (DCM), and internal regulations and instructions of different government entities.

In undertaking preparation, IDRA have been engaged with in the identification of all the institutions issuing licenses, permissions, certifications and authorization for the business community. To gather all related documents and information that will form the basis of the "Guide", IDRA has contacted all relevant institutions in an attempt to identify as comprehensively as possible the requirements. IDRA is currently engaged in complying, sorting and elaboration the information that has been made available – and, importantly, trying to fill the gaps and acquire information that has not yet been submitted by the government institutions.

The guide will be published end in July.

EDEM Website

EDEM, with the assistance of IDRA, is in the process of developing a project website that will serve primarily as a vehicle Albanian businesses to market their products and secondarily to distribute EDEM-generated materials. EDEM and IDRA have developed a conceptual approach of the EDEM website and the initial design of the website structure. The website is expected to be operational during the upcoming quarter.

Saranda Municipality

IDRA is continuing its efforts to support the Municipality of Saranda by assisting the city in designing a citywide database that will allow the city to better manage its taxing authority. Following a meeting in Saranda with the city's Tax Department a tax specialist from the municipality visited IDRA's offices in Tirana and worked with IDRA IT people to design the structure of the database. The work is now in the programming stage; the database will be delivered to Saranda in July.

F. COMMUNICATION

The 7th issue of EDEM's newsletter, covering EDEM's activities for the Spring period, was published and circulated to 500 individuals and organizations throughout Albania.

A press kit containing business profiles, stories on and an overview of Albania's leather/footwear industry, and a CD with photos from several companies was developed for the visit of four professional foreign journalists on May.

Media coverage was arranged for the visit by Lonely Planet's founder and subsequently articles were published by: Biznesi newspaper and Shqip newspaper and live interviews were given to A1 studio TV and Top Channel TV.

A briefing was organized with journalists regarding EDEM's efforts to support the efforts of businesses and government agencies to develop branding strategies. Media coverage resulted with articles published by: "Biznesi" and "Shekulli" newspapers, "Monitori" magazine, and a 10 minutes interview on A1 TV.

For the London promotion of Albanian tourism event, an invitation was designed and printed, a press release was sent out and media coverage was arranged. Articles were published by: "Biznesi" and "Tirana Times" newspapers and interviews were broadcast by BBC Radio - Albania section.

Articles were published by "Monitori" magazine and "Biznesi" newspaper on Albania's meat processing industry.

The Essence Producers and Cultivators Associations (EPCA) was assisted in production of a poster and a press release. Media coverage was arranged for EPCA's national

conference with articles appearing in “Biznesi”, “Shqip”, and same day coverage of the event was broadcast on A1 TV with a 10 minute program broadcasted several days later.

EDEM continued to provide communication assistance to companies in efforts to help the companies increase their marketing and public relations capabilities:

- a promotional CD highlighting Albanian companies was produced for the Novi Sad Fair;
- a poster for the herbs and spice industry was produced for use at the Novi Sad Fair;
- a brochure and business cards were designed to help the Xherdo Company market its products;
- promotional materials and business cards for the tourist complex “Bleart” in Durres were designed.

H. ADMINISTRATION

In April USAID completed an evaluation of EDEM’s efforts during its first two and one half years of existence. The evaluation results will be used by USAID to determine if EDEM should continue its operations for another two years. While the decision is positive, the process for contracting the funding of the two option years is still pending.

As part of the option years’ effort, two key personnel staffing changes are being programmed: During negotiations regarding the option years, DAI will propose that the Market Development Expert position not be continued. The current position holder, Nimai Ghose, will leave the project in early August. In addition, DAI will propose a new Chief of Party as the current one will be leaving the project in September.

Short Term Technical Assistance

During the Quarter three STTAs traveled to Albania in support of the EDEM project. The project received continuing support from the Tourism STTA, Scott Wayne, from his home base in the US and his participation at an event held in London that was organized by EDEM, British Airways and the Ministries of Tourism and Foreign Affairs to promote Albania as a destination for British tourists. James Parchman in support of the leather goods industry, and FFF Associates for the herbs and spice industry also provided home-base support. Two additional STTAs had been planned – for HACCP training and BSP training – but unfortunately both have been delayed until the following quarter.

Consultant	Assignment Dates	Assignment Summary
Alan James	May 10 - June 2	The objectives of this assignment were fourfold: 1) Assist Albanian businesses increase their competitiveness through the development of appropriate branding strategies; 2) Build in-country capacity by developing BSP capability to support the branding efforts of businesses and other organizations; 3) Develop a community branding model that Albanian communities can use to enhance their branding efforts; and 4) Support the Albanian Ministry of Tourism's efforts to develop and implement a national tourism branding strategy.
James Parchman	May 15 - June 10	The objective of this STTA was to continue to provide on-going assistance in strengthening the domestic and international competitiveness of Albania's leather goods industry by creating greater awareness in the world markets about the sector's capabilities and directly assisting Albanian firms build necessary marketing and management capabilities to grow their business in highly competitive export markets. As part of the STTA's effort a tour of Albanian footwear producers by footwear trade press journalists from EU countries was successfully organized. .
Scott Wayne	May 22 - June 3	Support Albania's tourism industry to help find solutions to key constraints and challenges inhibiting the development of sustainable tourism in Albania focusing on marketing and promotion, education and training, and government and policy. Efforts on this trip included individual business meetings; meetings with officials at the National Tourism Organization, Ministry of Tourism and Ministry of Foreign Affairs principally to organize the London event promoting Albania as a tourist destination; and support to the Commune of Voskopoje to assist their efforts to promote tourism in the region..